

Date due 4/15/83

File LEGIS. GEN

LEGISLATIVE ANALYSIS

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Bill No. H.R. 2132 Report No. _____ Companion No. _____

Title: none

Subject: Small Business Administration FY'84 authorization Act

Amends. Small Business Act

Contacts. _____

Conclusion: ☒ No Agency objection AT PRESENT

☐ Agency objection and/or needs amendment

Monitor: ☒ (yes) ☐ (no)

Analysis: This is the FY'83 Small Business Administration authorization act. There is currently no objectionable provision in the bill. *I will monitor*
The bill ~~may be objectionable~~, however, to insure that it stays unobjectionable.

23

(name)

3/27/80
(date)

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23 MAR 1983 I

98TH CONGRESS
1ST SESSION

H. R. 2132

To amend the Small Business Act, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 16, 1983

Mr. MITCHELL introduced the following bill; which was referred to the Committee on Small Business

A BILL

To amend the Small Business Act, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 20 of the Small Business Act is amended by
4 striking subsection (q) and all that follows and inserting the
5 following:

6 “(q) The following program levels are authorized for
7 fiscal year 1984:

8 “(1) For the programs authorized by section 7(a)
9 of this Act, the Administration is authorized to make
10 \$600,000,000 in direct and immediate participation
11 loans; and of such sum, the Administration is author-
12 ized to make \$43,000,000 in loans as provided in para-

1 graph (10), \$138,000,000 in loans as provided in para-
2 graph (11), and \$14,000,000 in loans as provided in
3 paragraph (12).

4 “(2) For the programs authorized by section 7(a)
5 of this Act and section 503 of the Small Business In-
6 vestment Act of 1958, the Administration is authorized
7 to make \$3,000,000,000 in deferred participation loans
8 and guarantees of debentures; and of such sum, the
9 Administration is authorized to make \$5,000,000 in
10 loans as provided in paragraph (10), \$60,000,000 in
11 loans as provided in paragraph (11), \$15,000,000 in
12 loans as provided in paragraph (12), and \$250,000,000
13 in loans as provided in paragraph (13) and guarantees
14 of debentures as provided in section 503.

15 “(3) For the program authorized by section 23 of
16 this Act, the Administration is authorized to make
17 \$100,000,000 in direct purchases of stock.

18 “(4) For the programs authorized by title III of
19 the Small Business Investment Act of 1958, the Ad-
20 ministration is authorized to make \$100,000,000 in
21 direct purchases of debentures and preferred securities
22 and to make \$250,000,000 in guarantees of deben-
23 tures.

24 “(5) For the programs authorized by part B of
25 title IV of the Small Business Investment Act of 1958,

1 the Administration is authorized to enter into guaran-
2 tees not to exceed \$1,600,000,000.

3 “(6) For the program authorized by section 7(b)(3)
4 of this Act, the Administration is authorized to make
5 \$100,000,000 in direct loans.

6 “(7) For the programs authorized in sections 404
7 and 405 of the Small Business Investment Act of
8 1958, the Administration is authorized to enter into
9 guarantees not to exceed \$500,000,000.

10 “(8) There are hereby authorized to be appropri-
11 ated such sums as may be necessary and appropriate
12 for the carrying out of the provisions and purposes, in-
13 cluding administrative expenses, of sections 7(b)(1)
14 through 7(b)(3) of this Act; and there are authorized to
15 be transferred from the disaster loan revolving funds
16 such sums as may be necessary and appropriate for
17 such administrative expenses.

18 “(r) There are authorized to be appropriated to the Ad-
19 ministration for fiscal year 1984, \$1,439,700,000. Of such
20 sum, \$1,112,000,000 shall be available for the purpose of
21 carrying out the programs referred to in subsection (q), para-
22 graphs (1) through (4); \$17,000,000 shall be available for the
23 purpose of carrying out the provisions of section 412 of the
24 Small Business Investment Act of 1958; \$4,000,000 shall be
25 available for the purpose of carrying out the provisions of

1 section 403 of the Small Business Investment Act of 1958;
2 and \$306,700,000 shall be available for salaries and ex-
3 penses of the Administration of which amount—

4 “(1) \$12,526,000 shall be available for procure-
5 ment and technical assistance; of which amount not
6 less than \$2,318,000 shall be available for technical
7 assistance, and of this amount not less than \$903,000
8 shall be used to pay for the continued development of a
9 procurement automated source system, and not less
10 than \$175,000 shall be used to develop and maintain
11 technology assistance centers which shall have direct
12 or indirect access to a minimum of thirty technology
13 data banks to define the technology problems or needs
14 of small businesses by searching technology data banks
15 or other sources to locate, obtain and interpret the ap-
16 propriate technology for such small businesses.

17 “(2) \$32,138,000 shall be available for manage-
18 ment assistance, of which amount not less than
19 \$1,214,000 shall be used to sustain the small business
20 export development program and to employ not less
21 than seventeen staff people for the Office of Interna-
22 tional Trade, ten of whom shall serve as export devel-
23 opment specialists with each of the Administration’s
24 regional offices being assigned one such specialist.

1 “(3) \$8,000,000 shall be available for economic
2 research and analysis and advocacy, of which amount
3 not less than \$2,420,000 shall be used to employ at
4 least sixty-nine staff people for the office of the Chief
5 Counsel for Advocacy to carry out research and those
6 functions prescribed by Public Law 94-305; not less
7 than \$1,400,000 shall be used to develop an external
8 small business data bank and small business index; not
9 less than \$1,350,000 shall be used for research; and
10 not less than \$1,000,000 shall be used to pay for de-
11 velopment and maintenance of an indicative small busi-
12 ness data base comprised of names and addresses and
13 related information.

14 “(4) \$30,250,000 shall be available for the Office
15 of Minority Small Business and Capital Ownership De-
16 velopment, \$13,655,000 of which shall be used to
17 carry out those functions, including administrative ex-
18 penses, prescribed by section 7(j) of this Act.

19 “(5) \$10,546,000 shall be available for program
20 evaluation and data management with priority given to
21 the development of an automated internal Administra-
22 tion management data base, to the enhancement of the
23 Administration’s document tracking system, and to the
24 installation of terminals in Administration field offices.

1 “(6) \$24,000,000 is authorized for the program
2 authorized by section 24 of this Act, of which the Ad-
3 ministration is authorized to enter into grants not to
4 exceed \$20,000,000 and \$4,000,000 may be used for
5 administrative expenses of the Administration.

6 “(7) \$6,000,000 is authorized for the program au-
7 thorized by section 25 of this Act, of which the Admin-
8 istration is authorized to enter into grants, contracts
9 and cooperative agreements not to exceed \$5,000,000
10 and \$1,000,000 may be used for administrative ex-
11 penses by the Administration.

12 “(8) There are hereby authorized to be appropri-
13 ated such sums as may be necessary and appropriate
14 for carrying out the provisions and purposes of the
15 small business development center program in section
16 21.

17 “(s) The Administrator may transfer no more than 10
18 per centum of each of the total levels for salaries and ex-
19 penses authorized in paragraphs (1) through (7) of section
20 20(r) of this Act: *Provided, however,* That no level authorized
21 in such paragraphs may be increased more than 20 per
22 centum by any such transfers.

23 “(t) The following program levels are authorized for
24 fiscal year 1985:

1 “(1) For the programs authorized by section 7(a)
2 of this Act, the Administration is authorized to make
3 \$600,000,000 in direct and immediate participation
4 loans; and of such sum, the Administration is author-
5 ized to make \$43,000,000 in loans as provided in para-
6 graph (10), \$138,000,000 in loans as provided in para-
7 graph (11), and \$14,000,000 in loans as provided in
8 paragraph (12).

9 “(2) For the programs authorized by section 7(a)
10 of this Act and section 503 of the Small Business In-
11 vestment Act of 1958, the Administration is authorized
12 to make \$4,000,000,000 in deferred participation loans
13 and guarantees of debentures; and of such sum, the
14 Administration is authorized to make \$6,000,000 in
15 loans as provided in paragraph (10), \$80,000,000 in
16 loans as provided in paragraph (11), \$20,000,000 in
17 loans as provided in paragraph (12), and \$330,000,000
18 in loans as provided in paragraph (13) and guarantees
19 of debentures as provided in section 503.

20 “(3) For the program authorized by section 23 of
21 this Act, the Administration is authorized to make
22 \$100,000,000 in direct purchases of stock.

23 “(4) For the programs authorized by title III of
24 the Small Business Investment Act of 1958, the Ad-
25 ministration is authorized to make \$100,000,000 in

1 direct purchases of debentures and preferred securities
2 and to make \$330,000,000 in guarantees of debentures.
3

4 “(5) For the programs authorized by part B of
5 title IV of the Small Business Investment Act of 1958,
6 the Administration is authorized to enter into guaran-
7 tees not to exceed \$1,600,000,000.

8 “(6) For the program authorized by section 7(b)(3)
9 of this Act, the Administration is authorized to make
10 \$100,000,000 in direct loans.

11 “(7) For the programs authorized in sections 404
12 and 405 of the Small Business Investment Act of
13 1958, the Administration is authorized to enter into
14 guarantees not to exceed \$250,000,000.

15 “(8) There are hereby authorized to be appropri-
16 ated such sums as may be necessary and appropriate
17 for the carrying out of the provisions and purposes, in-
18 cluding administrative expenses, of sections 7(b)(1)
19 through 7(b)(3) of this Act; and there are authorized to
20 be transferred from the disaster loan revolving funds
21 such sums as may be necessary and appropriate for
22 such administrative expenses.

23 “(u) There are authorized to be appropriated to the Ad-
24 ministration for fiscal year 1985, \$1,351,300,000. Of such
25 sum, \$999,000,000 shall be available for the purpose of car-

1 rying out the programs referred to in subsection (t), para-
2 graphs (1) through (4); \$17,000,000 shall be available for the
3 purpose of carrying out the provisions of section 412 of the
4 Small Business Investment Act of 1958; \$4,000,000 shall be
5 available for the purpose of carrying out the provisions of
6 section 403 of the Small Business Investment Act of 1958;
7 and \$331,300,000 shall be available for salaries and ex-
8 penses of the Administration of which amount—

9 “(1) \$12,526,000 shall be available for procure-
10 ment and technical assistance; of which amount not
11 less than \$2,318,000 shall be available for technical
12 assistance, and of this amount not less than \$903,000
13 shall be used to pay for the continued development of a
14 procurement automated source system, and not less
15 than \$175,000 shall be used to develop and maintain
16 technology assistance centers which shall have direct
17 or indirect access to a minimum of thirty technology
18 data banks to define the technology problems or needs
19 of small businesses by searching technology data banks
20 or other sources to locate, obtain and interpret the ap-
21 propriate technology for such small businesses.

22 “(2) \$32,138,000 shall be available for manage-
23 ment assistance, of which amount not less than
24 \$1,214,000 shall be used to sustain the small business
25 export development program and to employ not less

1 than seventeen staff people for the Office of Interna-
2 tional Trade, ten of whom shall serve as export devel-
3 opment specialists with each of the Administration's
4 regional offices being assigned one such specialist.

5 “(3) \$8,000,000 shall be available for economic
6 research and analysis and advocacy, of which amount
7 not less than \$2,420,000 shall be used to employ at
8 least sixty-nine staff people for the office of the Chief
9 Counsel for Advocacy to carry out research and those
10 functions prescribed by Public Law 94-305; not less
11 than \$1,400,000 shall be used to develop an external
12 small business data bank and small business index; not
13 less than \$1,350,000 shall be used for research; and
14 not less than \$1,000,000 shall be used to pay for de-
15 velopment and maintenance of an indicative small busi-
16 ness data base comprised of names and addresses and
17 related information.

18 “(4) \$30,250,000 shall be available for the Office
19 of Minority Small Business and Capital Ownership De-
20 velopment, \$13,655,000 of which shall be used to
21 carry out those functions, including administrative ex-
22 penses, prescribed by section 7(j) of this Act.

23 “(5) \$10,546,000 shall be available for program
24 evaluation and data management with priority given to
25 the development of an automated internal Administra-

1 tion management data base, to the enhancement of the
2 Administration's document tracking system, and to the
3 installation of terminals in Administration field offices.

4 “(6) \$24,000,000 is authorized for the program
5 authorized by section 24 of this Act, of which the Ad-
6 ministration is authorized to enter into grants not to
7 exceed \$20,000,000 and \$4,000,000 may be used for
8 administrative expenses of the Administration.

9 “(7) \$6,000,000 is authorized for the program au-
10 thorized by section 25 of this Act, of which the Admin-
11 istration is authorized to enter into grants, contracts,
12 and cooperative agreements not to exceed \$5,000,000
13 and \$1,000,000 may be use for administrative ex-
14 penses by the Administration.

15 “(8) There are hereby authorized to be appropri-
16 ated such sums as may be necessary and appropriate
17 for carrying out the provisions and purposes of the
18 small business development center program in section
19 21.

20 “(v) The Administrator may transfer no more than 10
21 per centum of each of the total levels for salaries and ex-
22 penses authorized in paragraphs (1) through (7) of section
23 20(u) of this Act: *Provided, however,* That no level author-
24 ized in such paragraphs may be increased more than 20 per
25 centum by any such transfers.”.

1 SEC. 2. The Small Business Act is amended by adding
2 the following new section:

3 “SEC. 23. (a) The Administration is authorized to the
4 extent that equity capital is not available from private
5 sources on reasonable terms, and in such amounts as are pro-
6 vided in advance in appropriation Acts, to purchase stock
7 from qualified small business corporations.

8 “(b) The Administration may set by regulation appropri-
9 ate terms and conditions (1) for such stock purchases and
10 payment of dividends and (2) for protection of the shareholder
11 rights of the Administration in any subsequent sale or re-
12 demption of stock or liquidation or distribution of corporate
13 assets.

14 “(c) No purchase of securities under this section shall be
15 made if the total amount outstanding and committed (by par-
16 ticipation or otherwise) to the corporation from the business
17 loan and investment fund established by this Act would
18 exceed \$750,000.

19 “(d) In addition to sums otherwise authorized, there are
20 hereby authorized to be appropriated such sums as may be
21 necessary and appropriate for carrying out the provisions and
22 purposes of this section.”.

23 SEC. 3. Section 4(c)(1) of the Small Business Act is
24 amended by striking “7(a)” and by inserting “7(a), 23”.

1 SEC. 4. Section 4(c)(2) of the Small Business Act is
2 amended by striking "7(l)" and inserting "7(l), 23".

3 SEC. 5. The Small Business Act is amended by adding
4 the following new section:

5 "SEC. 24. (a) The Administration is hereby authorized
6 and directed to conduct programs which will train or upgrade
7 the skills of employees or potential employees of small busi-
8 ness concerns.

9 "(b) To carry out the provisions of subsection (a), the
10 Administration shall provide financial assistance, by grant, to
11 eligible small business concerns to pay all or part of the costs
12 to train or upgrade the skills of employees or potential em-
13 ployees of such concerns. Payments made by the Administra-
14 tion under such grants may be in lump sum or installments,
15 and in advance or by way of reimbursement and shall have
16 such adjustments as may be necessary on account of overpay-
17 ments or underpayments.

18 "(c) No amount of financial assistance may be provided
19 pursuant to this subsection to any small business applicant
20 unless the Administration determines that—

21 "(1) no more than three employees or potential
22 employees of such concern are the recipients of any
23 benefits under this subsection at any one time;

1 “(2) no more than \$2,500 shall be made available
2 under this section for any one employee or potential
3 employee;

4 “(3) the length of a training financed by this sec-
5 tion shall be no less than one month nor more than six
6 months;

7 “(4) such concern has given adequate assurance it
8 will employ the trainee for at least six months after the
9 training financed by this section has been completed
10 and each trainee has provided a similar assurance to
11 remain within the employ of such concern for such
12 period;

13 “(5) the training to be financed shall take place
14 either at such concern’s facilities or at an accredited
15 institution;

16 “(6) such concern will maintain such records as
17 the Administration deems appropriate to insure that
18 the provisions of this section and any other applicable
19 law have not been violated; and

20 “(7) the training financed will impart or up-
21 grade—

22 (i) technical skills;

23 (ii) professional skills;

24 (iii) skills relating to the formulation of new
25 technologies or their application.

1 “(d) Grants made pursuant to this subsection shall be
2 extended on a priority basis to those small business concerns
3 which seek to train employees or potential employees who—

4 “(1) have been or will be displaced (within the
5 next twelve month period) as a result of the application
6 of new production technologies or plant closings;

7 “(2) are determined by the Administration to be
8 long-term unemployed;

9 “(3) are disabled veterans or veterans of the Viet-
10 nam era as defined by section 302(a) of Public Law
11 97-72; and

12 “(4) reside in an area of concentrated unemploy-
13 ment or underemployment or within labor surplus areas
14 as defined by Defense Manpower Policy Number 4B
15 (32A C.F.R. chapter I) or any successor policy.

16 “(e) Grants authorized by this section shall be distribut-
17 ed to each State on the basis of the average number of unem-
18 ployed individuals in the civilian labor force who reside in
19 each State as compared to the total average number of unem-
20 ployed individuals in the civilian labor force in all of the
21 States for the most recently completed twelve-month period
22 for which statistics are available. As used in this section, the
23 words ‘State’ or ‘States’ include the District of Columbia,
24 Puerto Rico, United States territories and possessions.

1 “(f)(1) If any assurance required by paragraph (c)(4) is
2 violated by any party, the Administration may, as it deems
3 appropriate, recover from the violating party the amount of
4 its financial assistance previously extended.

5 “(2) Any grant entered into pursuant to this section
6 shall contain appropriate terms relating to the provision of
7 paragraph (1). The Administration shall, in addition, take
8 such other measures as may be necessary to obligate the em-
9 ployee or potential employee to such provision.

10 “(g) The head of each Federal agency which, with re-
11 spect to training programs for the unemployed—

12 (1) administers such programs; or

13 (2) provides any form of financial assistance to
14 any public or private organization to administer such
15 programs,

16 shall consult periodically with the Administration to ascertain
17 how such programs may be modified to provide small busi-
18 ness concerns assistance in satisfying their employment
19 needs.

20 “(h) The provisions of section 18 of this Act shall not be
21 applicable to this section.”.

22 SEC. 6. The Small Business Act is amended by adding
23 the following new section:

24 “SEC. 25. (a) The Administration is authorized to pro-
25 vide financial assistance to public or private organizations to

1 pay all or part of the cost to plan, organize, promote, and
2 conduct international trade fairs for the benefit of small busi-
3 ness concerns having export potential. The financial assist-
4 ance authorized by this section includes assistance advanced
5 by grant, cooperative agreement, or contract in lump sum or
6 installments, and in advance or by way of reimbursement,
7 and in the case of grants, with necessary adjustments on ac-
8 count of overpayments or underpayments.

9 “(b) For the purposes of this section, the term ‘interna-
10 tional trade fair’ means the gathering of representatives from
11 domestic small business concerns which takes place in a
12 country other than the United States, its territories and pos-
13 sessions, for the purpose of marketing the goods and services
14 of such concerns to any foreign nation or businesses located
15 within such foreign nation.”.

16 SEC. 7. Section 503 of the Small Business Investment
17 Act of 1958 is amended by striking all of paragraph (5) of
18 subsection (b) after “is made” and by inserting the following:
19 “: *Provided*, That the Administration shall not use the source
20 or nature of the funds constituting the remaining per centum
21 of the project cost as a criteria to approve or reject such
22 guarantee; and”.

23 SEC. 8. Section 7(a) of the Small Business Act is
24 amended by adding the following:

1 “(16)(A) Direct loan funds under subsection (a), except
2 under paragraphs (10) and (12), shall be allocated to the Ad-
3 ministration’s regional offices at least quarterly each fiscal
4 year. The amount of such allocation shall be based according
5 to a formula by State, allotted as follows: Funds shall be
6 allocated among the States on the basis of the average
7 number of unemployed individuals in the civilian labor force
8 who reside in each State as compared to the total average
9 number of unemployed individuals in the civilian labor force
10 in all of the States for the most recently completed fiscal
11 quarter for which statistics are available. As used in this
12 paragraph, the words ‘State’ or ‘States’ include the District
13 of Columbia, Puerto Rico, United States territories and pos-
14 sessions.

15 “(B) Each regional office shall allocate such funds to
16 each district office within its jurisdiction at least quarterly,
17 based solely upon the formula in subparagraph (A). During
18 the last fifteen calendar days of each fiscal year quarter the
19 Administration may reallocate direct loan funds among its
20 regions or districts if it is unreasonable to expect that such
21 region or district will commit substantially all of its allocation
22 before the expiration of such quarter.”.

23 SEC. 9. Section 7(a)(6)(A) of the Small Business Act is
24 amended by adding after the word “subsection” the follow-

19

1 ing: "or for loans to any small business concern as provided
2 in paragraph (11) of this subsection,".

3 SEC. 10. This Act shall take effect October 1, 1983.

○